



News Release

Connecticut House Republicans

State Capitol • Hartford, Connecticut

FOR IMMEDIATE RELEASE

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HOUSE REPUBLICANS WANT GAS TAX HOLIDAY BY MEMORIAL DAY

HARTFORD – In the face of another looming spike that would result in even higher gas prices, House Republicans today called for a Memorial Day to Labor Day state tax holiday for the summer peak driving season to give motorists relief at the pumps.

House Republican Leader Lawrence F. Cafero Jr., of Norwalk said given the new higher revenue projections released last week and the pain drivers continue to feel from the ever-increasing gas prices, Connecticut should stop collecting the 25 cents per gallon now levied for the summer driving season. Cafero said the savings would be significant and Connecticut can afford it.

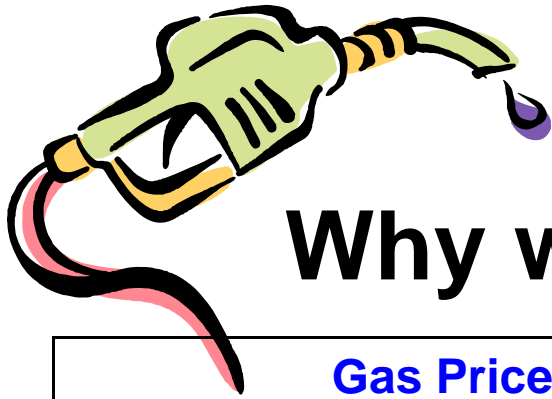
“Connecticut motorists pay some of the highest gas prices in the country and at a time we can afford to offer some relief, we need to do it. We have failed to enact any meaningful energy plan as the Democrats promised more than a year ago. We should stand up and show leadership and deliver for Connecticut drivers,” Cafero said. Connecticut’s combined state and federal taxes of more than 55 cents per gallon are third highest in the country behind only California and New York.

It is estimated that the tax cuts would save drivers about \$40 million per month, or a little more than \$120 million for the duration of the summer driving period. Last week, the non-partisan Office of Fiscal Analysis revised revenue projections to show that Connecticut will have an \$846 million surplus which will easily cover the lost revenue. The legislature has until June 6 to finalize the two-year budget and Cafero said the timing of this proposal is ideal.

The gas tax moratorium would not divert any funds from any transportation program.

“The legislature is in session right now and we can take immediate action to benefit anyone who drives and is fed up with gas prices,” he said. “We can debate forever the larger energy issues and still not come up with a plan. We’ve missed opportunities to do anything about the heating season crisis, but we should act on this plan right now.”

Average prices have increased more than 80 cents per gallon in recent months or more than 33 percent and there is disagreement over who is to blame. “If we move forward now we can show Connecticut motorists we have their best interests in mind,” Cafero said.



Why we need a gas tax holiday ...

Gas Price Rank			Gas Tax Rank		
State	Regular Gas*	Rank	State	Taxes (Fed. And State)**	Rank
California	\$3.49	1	New York	60.8	1
Washington	\$3.41	2	California	58.6	2
Oregon	\$3.40	3	Connecticut	55.4	3
Nevada	\$3.24	4	Washington	52.4	4
Illinois	\$3.22	5	Illinois	52	5
Michigan	\$3.18	6	Wisconsin	51.3	6
Connecticut	\$3.16	7	Florida	51	7
Wisconsin	\$3.16	8	Nevada	50.9	8
Utah	\$3.16	9	Pennsylvania	50.7	9
Colorado	\$3.16	10	Michigan	50.5	10
National Avg.	\$3.04		National Avg.	\$43.55	

*From www.AAA.com at 11:30 am on May 10, 2007

** From American Petroleum Institute March 2007 Gasoline Tax Report

Examples of Saving for Consumers:

Compact:

2006 Honda Civic – 13.2 gallons

Savings of \$3.30 each time you fill-up your tank

Full Size:

2006 Chevrolet Impala – 17 gallons

Savings of \$4.25 each time you fill-up your tank

SUV:

2006 Ford Explorer - 22.5 gallons

Savings of \$5.63 each time you fill-up your tank

Surplus Use and a Gas Tax Holiday

Starting Surplus	\$846 million
Committed Surplus Money	
Teachers' Retirement Fund	\$350 million
Medicaid Rate Increases	\$137 million
Town Aid Road	\$16 million
Nursing Homes	\$13 million
Other Appropriations and Carryforwards	<u>\$103.2 million</u>
Total Use of Surplus	\$619.2 million
Remaining Surplus	\$227 million

The current FY 07 surplus estimate is \$846 million. As the table above shows, the House Republican budget uses \$619.2 million of the surplus.

Since we proposed our budget, the projected FY 07 surplus has increased by \$218 million. A portion of this additional surplus would be used to provide **a state gas tax holiday between Memorial Day and Labor Day of this year.**

To do the tax break for both gas and diesel fuel for a three-month period would cost approximately \$120 million, thus leaving \$107 million in FY 07 surplus.

The gas tax holiday would not take away from any current or future transportation projects or any other programs.

The tax break would not take any money out of the Rainy Day Fund, which currently stands at about \$1.112 billion.

To make up for lost gas tax revenue in the Special Transportation Fund, there would have to be a carryforward of the revenue and transfer of the revenue from the General Fund to the STF.

Gas Tax Holiday

Facts and Talking Points

- Connecticut consistently has some of the highest gas prices in the country – currently the 7th highest.
- In part what keeps the price at the pump so high is our gas tax. Connecticut motorists pay 55 cents in taxes for every gallon of gasoline – 3rd highest in the country.
- A state gas tax holiday for motorists would save 25 cents on every gallon of gasoline purchased from Memorial Day to Labor Day, when prices are usually at their peak.
- On a car with a 12-gallon tank, the savings would be \$3.00 every time you fill up. \$3.75 on a 15-gallon tank; \$4.25 on a 17 gallon tank; and \$5.00 on a 20-gallon tank.
- This three-month tax break (\$120 million) is worth almost as much as the Democrats' income tax reduction (\$145 million). But, we don't play a shell game by taxing clothing; that sales tax exemption would stay.
- The holiday would apply to vehicles that use diesel fuel as well, so that businesses will also get a break.
- The one-time loss of revenue would be replaced by surplus money, which is approaching a billion dollars. The \$1.12 billion in the Rainy Day Fund would not be touched.
- Current and future transportation projects would go forward as planned, with no reduction in funding.